RAJYA SABHA

Thursday, the 26th August, 1993/4 Bhadra, 1915 (Saka)

The House met at eleven of the clock. The Deputy Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Declaration of crop holiday by Tobacco Board in certain areas of Andhra Pradesh

*421. DR. YELAMANCHILI SIVAJI: Will the PRIME MINISTER be pleased to state

(a) whether it is a fact that the Tobacco Board declared crop holiday in certain areas of Andhra Pradesh; if so, the number of districts in which crop holiday has been declared:

(b) what are the reasons for such a declaration;

(c) in what manner Tobacco Board proposes to implement the same and what is the view of the State Government; and

(d) whether Tobacco Board enlisted the support of the State Government for its implementation and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL SUPPLIES, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION WITH ADDITIONAL CHARGE OF THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KAMALUDDIN AHMED) : (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) to (d) In its meeting held on 24-7-93 the Tobacco Board decided that no tobacco crop would be licensed for the Northern Black Soil and Central Black Soil regions of Andhra Pradesh and Maharashtra (covering eight districts) during crop year 1993-94. The decision was taken in view of large carry-over stocks, lack of domestic demand for such varieties, as also the uncertainty about purchases by Russia, which has been the main market for such varieties in the past. The Tobacco Board would implement its decision in terms of the relevant provisions of the "obacco Board Act. The Board has also enlisted he support of Concerned State Government Officials in advising and helping the fanners to switch over to alternative crops.

THE DEPUTY CHAIRMAN: Question No. 421.

Population is very less in the House. We might finish all the questions. Let us hope so.

DR. YELAMANCHILI SIVAJI: Madam, the Prime Minister is expected to be present in the House. He is not there.

THE DEPUTY CHAIRMAN: He might be coming.

DR. YELAMANCHILI SIVAJI: Did he seek your permission V *(Interruptions).*

THE DEPUTY CHAIRMAN : He may be coming. मंत्री जी आए हैं, जवाब दे रहे हैं ,

SHRI S. JAIPAL REDDY: Madam, this question is addressed *to* the Prime Minister.

THE DEPUTY CHAIRMAN : May be, he is coming.

SHRI S. JAIPAL REDDY: Normally the Prime Minister is present on every Thursday during Session.

उपसभापति : देखिए, प्राइम मिनिस्टर साहब आ गए , ...(व्यवधान)...

SHRI MENTAY PADMANABHAM : Today is Prime Minister's day. *(Interruptions).* If he has sought your permission, we can understand it.

THE DEPUTY CHAIRMAN : The Prime Minister has come. *(Interruptions).* Mr. Prime Minister. Rajya Sabha is so fond of you that if you are late for one minute they make so much *Hangaama.*

THE PRIME MINISTER SHRI P. V. NARASIMHA RAO : I would have done it a little longer to make them fonder.

SHRI S. JAIPAL REDDY: These days so many dinners are taking place that the Prime Minister may still be suffering from indigestion.

DR YELAMANCHILI SIVAJI: Madam, the Prime Minister is the only man who knows well about the. problems of tobacco growers in Andhra Pradesh. He knows about the tricks which the tobacco traders are playing. *(Interruptions).* Madam, the Prime Minister knows pretty well about the tricks which the tobacco traders are playing for the last 25 years. When he recently visited Andhra Pradesh he mentioned the

same there. However, the answer prepared by the Commerce Ministry is very vague and evasive. I would like to know from the Hon. Prime Minister what are the factors taken into consideration while declaring a crop holiday in some parts and allowing crops in some other parts? What are the steps which the Tobacco Board and the Government have taken for augmenting exports? The Prime Minister knows well about the problems that cropped up in Chinese export. So, what steps have been taken to solve these problems ? Long back I had warned the Government about the substandard tobacco like top leaf, bottom leaf, etc., being exported to Russia which is going to hamper our exports and unit value realisation.

उपसभापति : आप इतना लंबा सवाल पूछेंगे तो मैं भी भूल जाऊंगी।

put one question only. "Let him answer.

DR. YELAMANCHILI SIVAJI: I would like to know from the Prime Minister about these things.

SHRI S. JAIPAL REDDY: Madam, you can never appreciate this question because you are neither a producer nor a consumer.

SHRI KAMALUDDIN AHMED : Incidentaly, I also come from that place. Now the problems which Mr. Sivaji has highlighted, as he has been doing in almost all the sessions, about tobacco problem, have to be looked into from a different angle. So far as tobacco which is grown on light soil is concerned, the demand and the supply are almost intact. There is no problem on that account. The problem has come about only from last year because the main buyer of tobacco grown on black soil, i.e., Russia, is in problems and it was with great reluctance and after a lot of pursuasion to such an extent that the money was provided to them that they purchased something last year. This year, since we had the experience of last year, we thought we should not trouble the farmers. After they grow tobacco if there is no outlet for the tobacco grown by them, if they are not able to export it then they will land into further difficulty. So, keeping that in view, we thought we must warn the growers, the producers, about the situation and the experience we had last year and tell them that they may experience it in a manner much worse than last year. We told them, "Please reduce your production, reduce the area of black soil tobacco" Particularly so, the districts which come under this particular area have been asked not to produce this tobacco. That is only a simple problem. But I can assure Sivajiji that we have not stopped at that. We are still making efforts. We are still persuading the Russians, the Government of Russia and the countries which are likely to buy this tobacco. We are trying to persuade them. We are trying to approach them. We hope they will buy this tobaccp and then there won't be any problem for me and for you either. I can assure you that. He mentioned about China. He said, "Why not persuade China to buy" ? I think he is already aware that China has emerged as the largest producer of tobacco. The production of tobacco in China is many, many times the production of our country. So, I do not think they will be willing to buy any more of Indian tobacco.

DR. YELAMANCHILI SIVAJI: Madam, there is not only self-contradiction in the Minister's statement, but he is also misleading the House. On the one hand he says we are going in for a crop holiday in certain districts which produce cotton because we are not able to export to Kussia and then he says, "Still we are hopeful of exporting to Russia". This is self-contradiction. Secondly, he says that production in China is coming in the way of our exports to China, which is not true. It is a fact and on several ciccasions it has gone on record in both the {louses that China went back without importing tobacco from our country because of some malpractices. The Government, and more so, the Commerce Ministry, is shielding the culprits. There is no quality control in this country. Hence we lost this market and now we lost the Russian market too. I warned the Government on several occasions.

THE DEPUTY CHAIRMAN: Your supplementary please. आपका सप्लीमेंटरी .

DR YELAMANCHILI SIVAJI: I am coming to the supplementary.

THE DEPUTY CHAIRMAN Come fast.

SHRIMATI RENUKA CHOWDHURY: We need to know the background, how the Minister misled the House.

DR. YELAMANCHILI SIVAJI: The Minister misled the House and he should answer for it. The second point is whether we export to Russia or not, that is not going to help the farmers. I am with the Government so far as crop holiday is concerned. Let me be clear. The Rs. 100 crores technical credit will be useful only to two or three exporters and this has been done with their connivance and for their well-

being. In spite of this Rs. 100 crores credit, the unit value of tobacco grown in Andhra Pradesh is about 60 per cent less than what they got last year. I would like to know what steps the Government proposes to take in this regard. I would like the intervention of the Prime Minister to tell us something about the crop holiday.

SHRI KAMALUDDIN AHMED : I have not misled the House in any manner. I have only given the present picture which is available. Now coming to this particular point which Mr. Sivaji has raised, he also knows that today, China is not only the largest producer of tobacco but it has also emerged as one of the biggest exporter of tobacco. So, there is no question of much more Indian tobacco going to China:.. *(Interruptions)...*

DR. YELAMANCHILI SIVAJI What about those pending claims and counter-claims ?

THE DEPUTYCHAIRMAN : Please let him answer.

SHRI KAMALUDDIN AHMED That is a different matter... *(Interruptions)...*

DR. YELAMANCHILI SIVALI: The Minister is misleading the House deliberately.

THE DEPUTY CHAIRMAN Please sit down. Let him answer,

SHRI KAMALUDDIN AHMED: Now, coming to this particular tobacco which is grown on black soil, we had the problem of over-production last year. Now, the crop size, particularly, of black soil tobacco, prescribed last year to Andhra Pradesh was 102 million kgs. As against that, the production was in excess of that quantity. So, when the excess tobacco came on the platform, we had no other option but to allow them to be auctioned. So, 126 million kgs. of tobacco was auctioned on (he platform itself and another 6 to 7 million kgs. according to the report which I have got, was purchased off the platform, that is in the villages. And, for the information of the hon. House, I would like to say that the entire quantity that was produced by the farmers was *sold../(Interruptions)*

SHRI MENTAY PADMANABHAM : What about the price ?

SHRI KAMALUDDIN AHMED: I will come to that aspect also. So, there was no quantity left with the fanners to be disposed of. Madam, fixation of the price is a typical thing. A minimum support price was fixed by the Government; there was an average minimum guaranteed price also which was fixed in consultation with the traders, the cigarette manufacturers and so on and then the price which we were able to get at the auction. Now, this particular thing which the hon. Member, Mr. Sivaji, has mentioned is the tobacco grown on black soil. The minimum support price that was fixed by the Government was Rs. 16; the minimum guaranteed price was Rs. 20 and the average price which was available for this commodity at the platform was Rs. 19.71... *(Interruptions)*

SHRI MENTAY PADMANABHAM : Who fixes the minimum price?

SHRI KAMALUDDIN AHMED The minimum price of Rs. 16 was fixed by the Government. Then, the minimum guaranteed price was Rs. 20 and that was fixed in consultation with ihe traders, cigarette manufacturers and so on. Then, the price at which the tobacco was sold was Rs. 19.71. So, there was a difference of 29 paise and not 60 per cent as mentioned by the hon. *Member..(Interruprions)*

THE DEPUTY CHAIRMAN : Mr. Mentay Padmanabham, if you want to ask something, I will call your name later.

SHRI KAMALUDDIN AHMED : So, as I explained, there are three different prices—a minimum support price fixed by the Government; there is a minimum guaranteed price, which is declared before the commodity is placed for auction, which the traders voluntarily agreed to offer. For the sale of the crop last year, the minimum support price was Rs. 20 per kg. and the price which we got at the auction was Rs. 19.71. So, there was a shortfall of just 29 paise and not 60 per cent... *(Interruptions)...*

DR. YELAMANCHILI SIVAJI: You are misleading the House again. You are giving half-truths and untruths.

SHRI KAMALUDDIN AHMED : And as I just submitted, it was because of the over-production of tobacco and because a lot of quantities were coming to the platform—afterall, this universal theory of demand and supply will Always be there—that this small shortfall occurred there.

SHRI V. NARAYANASAMY. Madam Deputy Chairman, for the first time...//«ter*ruptions)....*

THE DEPUTYCHAIRMAN I think all the

tobacco is being smoked. There is no *chance..(Interruptions)....*

SHRIMATI RENUKA CHOWDHURY: No smoke without fire.

SHRI P. V. NARASIMHA RAO : Madam, he extracted Rs. 100 crores from me almost staging a dharna in my house. Now he says Rs. 100 crores was not useful. If it is not useful, I take the cue from him and we will refuse to give anything this year.

DR. YELAMANCHILI SIVAJI: Mr. Narayanasamy, just a minute. Madam, it is a fact that we gave several points to the hon. Prime Minister. But the Government did not consider all the points in spite of the Prime Minister's intervention. And the Prime Minister is for the growers. Unfortunately, the Commerce Ministry is working at cross-purposes. They conceded only one point which was favourable to the traders. *So....(Interruptions,)*

SHRI P. V. NARASIMHA RAO , Just a minute. Madam, I want to tell the House quite seriously that the days of tobacco boom are over all over the world. This is what I told the people who are growing tobacco. I said, please don't do . what you are doing so far, so long. This is not going to be of any use to you. The growth of tobacco, the growing of tobacco, the production of tobacco is going down and tobacco is not something to eat. It is to smoke and smoking causes cancer, leads to cancer. Every one has been educated, paricularly the younger generation, everywhere. So, I think any prudent fanner—maybe in another five years, two years or three years, it does not matter—will do well to cut down on his tobacco production and replace it by other equally lucrative cash crops. This is what I have been generally telling the people and as a result of my appeal, there has been some willingness on the part of tobacco producers to bring it down. This is what I have been told. Now, that is the bottomline. What has to be done this year, next year, what was done last year—these are nitty-gritty matters which the Commerce Ministry would have to go into. But the broad policy has to be hereafter that we have to cut down as drastically or as soon as we can on the production of tobacco. I am not saying that it should be done overnight, but at least taper it off over a period of four or five years. Only then we will be able to square up things. Otherwise, we will be faced with overproduction and it will be no use coming to the Government of India, putting pressure, saying that the Government was not able to do anything because if that man does not want to smoke and die, what can I do?

THE LEADER OF THE OPPOSITION (SHRI SIKANDER BAKTH) : Madam, I want to k*now..(Interruption)....*

THE DEPUTY CHAIRMAN: It is Question Hour.

SHRI SIKANDER BAKTH : Wishing a cut in the production of tobacco is fine. But what else is being done? What do they do, whose cultivation you want to be cut down? Do you have any proposal for them?

THE DEPUTY CHAIRMAN : He has said *it...(Interruption)...He h*as said it very clearly that it should be replaced by some other lucrative *cash* crops. *Now, I d*on *'t think, th*ere is anyIhing left unanswered.

SHRI JAGESH DESAI: Farmers are very intelligent. They *know... (Interruptions)....*

SHRI V. NARAYANASAMY: Madam, I want to make one point. For the first time (would like to agree with the Telugu Desam Member that the Minister of State for Commerce has misled the House. On the one hand, he says they are asking the farmers to cut down their production and, on the other hand, he says they are persuading the Russian Government to purchase more tobacco. I would like to submit—let me come to the point—that last year when the farmers were suffering, when the traders were suffering, they went in delegations and met the hon. Prime Minister. The Prime Minister was kind *enough....(Interruption)....*

THE DEPUTY CHAIRMAN: That was already told. You put a question.

SHRI V. NARAYANASAMY: I am coming to my question...(Interruptions)....

THE DEPUTY CHAIRMAN : Now you put a question. I am not going to allow so much lime.

SHRI V. NARAYANASAMY. Madam, I was a member of one of the delegations, thererefore, I would like to submit.... *Interruptions)....*

THE DEPUTY CHAIRMAN: Okay, you say what you want to say.

SHRI V. NARAYANASAMY: A Rs. 100 crores technical credit was allowed. The Finance Minister was persuaded by the hon. Prime Minister and the farmers of Andhra

Pradesh. Here, I have a point which I would like clarified by the hon. Minister of State for Commerce. The Andhra Pradesh Co-operative Union was promised by the Central Government that it would also be given certain orders of the Russian Government. But nothing has happened during the last two years. The Government of India owes money to the Russian Government...(Interruptions).... Let me come to the point. Madam. The Government of India owes money to the Russian Government and now discretion can be used and that money can be set off and, therefore, exports can be made. The Russian Government is willing to purchase provided more credit facilities are given. I would like to have the clarification from (he honourable Minister.

SHRI SUBRAMANIAN SWAMY: Mr. Narayanasamy can be made the Commerce Minister!

THE DEPUTY CHAIRMAN: I heard the Minister saying that he has already persuaded and the Government has given some credit. I heard him say that.

SHRI KAMALUDDIN AHMED:.Madam, there seems to be some misunderstanding which I would like to remove. It is being said that, on the one hand, I am asking the farmers not *to* grow and, on the other,'I am persuading the Russians. But the problem is that from last year's stock there has been a carry-over of 28 million kgs. Where am I to send that tobacco? It is mainly for this carry-over stock of tobacco that we are trying to persuade the Russians, "Please buy tobacco from us; kindly buy tobacco from us." That is the reason and that is the only solution.

SHRI CHATURANAN MISHRA: It is export of cancer!

SHRI KAMALUDDIN AHMED : Madam, during his last visit, the Prime Minister appealed to the tobacco growers there, "This thing is not going to continue. You kindly switch over to some other cash crop.". For the information of the honourable House, I wish to say that a very systematic study has been made and the Tobacco Research Institute has carried out a study in which they have given the figures of different commodities, alternative commodities, to which the tobacco growers can switch over. The problem here is that the net profit per hectare is, of course, the highest in tobacco, that is, Rs. 8,600/- Now, they have made a study and they have said that in the case of groundnuts, it is Rs. 7,400/-, in the case of soyabean, it is Rs. 6,500/- and in the case of sunflower, it is Rs. 4.160/- and so on. These are the alternatives about which they have given the information. And, Madam, time and again, the Tobacco Board, myself, the Commerce Ministry and Mr. Sivaji—he is also one of the members—have appealed to the people to switch over to other crops and the media also is being used for this purpose. So, the only solution is that we have to switch over ultimately to the other crops.

THE DEPUTY CHAIRMAN. I think we can now switch over to the next Question. Question No. 422.

SHRI MOTURU HANUMANTHA RAO: Madam, I have been waiting for a long time to be called.

THE DEPUTY CHAIRMAN : I know that. But, after the Prime Minister's explanation, there is nothing left to smoke out. Question No. 422.

** 422 [The questioner (Shri Anand Prakash Gautam) was absent. For answer, vide col. infra)*

New Technology of Motors

*423. SHRI SUNDER SINGH BHANDARI : Will the PRIME MINISTER be pleased to refer to the answer to Starred Question 159 given in the Rajya Sabha on the 5th August, 1993 and state:

(a) what is the total capital investment for adopting the new technology of motors;

(b) what is the break-up of total collaboration, royalty, design and engineering charges, training and hiring of experts etc. in each of the relevant financial year;

(c) what is the break-up of materials component and finished machines imported from collaborators and their subsidiaries in each of the relevant financial yean and

(d) whether BHEL has paid royalty charges to Siemens (Germany) for machines designed as per its earlier collaborators: if so, the details including the total royalty charges paid on such machines?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF INDUSTRIAL DEVELOPMENT) WITH ADDITIONAL CHARGE OF THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF HEAVY